



April 24, 2022

VIA ELECTRONIC SUBMISSION

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

**Re: Private Fund Advisers; Documentation of Registered Investment Adviser
Compliance Reviews (SEC Release No. IA-5955; File No. S7-03-22 (February 9, 2022)).**

Dear Ms. Countryman,

Blended Impact thanks you for the opportunity to comment on the Securities and Exchange Commission's proposed rules (the "Proposal") regarding investment advisers to private funds.

Founded in 2019, Blended Impact is a Southern California-based investment firm that works in public-private partnerships to reimagine the future of how we invest, live, and earn. We invest across asset classes in both high-potential businesses and community impactful real estate in low and medium-income communities with a goal to create new economic opportunities, augment capital access for derisked entrepreneurship, and increase the supply of workforce and affordable housing.

We are a woman and minority-majority led company and hold the needs of similar populations at the core of our work across diverse geographies, both urban and rural. Our work is rigorously hands-on, working with local government and experienced project sponsors on public-private partnership strategies to reduce risk and facilitate economic development in Opportunity Zones with specialized and localized knowledge. Under our venture arm, our investment pipeline includes seed to series A ready ventures, and we have a track record of investing in 40% female-led companies and 30% minority-led ventures in this respect pre-pandemic, which is significant for the venture capital industry. Under our real estate arm, our pipeline includes workforce housing and opportunistic community-driven economic development projects spanning SoCal into Lithium Valley, which President Biden has indicated is a high priority with respect to national clean energy and supply chain onshoring goals.

We are on course to launch our core fund in Q1 of 2023. However, the SEC's Proposal would create a major barrier to entry for our Fund and would significantly increase expenses and the need for more capital, which we will not have, to perform the administrative tasks required to comply with many aspects of the Proposal. Substantive prohibitions would promote racial bias within an industry that is looking to increase diversity by imposing cost-prohibitive requirements for newly formed funds led by women and minority managers. The SEC promulgated an economic analysis the Proposal would have; however, the Commission did not consider the impact the Proposal would have on new entrants, women, and minority firms such as ours.



We write this letter to request the SEC reconsider its position, as the Proposal would unnecessarily curb entrepreneurialism among diverse emerging managers, specifically Black and Brown Founders.

The Biden Administration has expressed its commitment to diversity and equity and has gone as far as creating programs and providing financial support to emerging fund advisers which we intend to take advantage of. The mandate to support emerging fund advisers will be undermined by the SEC proposed extensive new rules, which fundamentally change how private fund advisers conduct business. The Proposals do not take into consideration the unnecessary strain on resources that would otherwise be used to carry out duties. As it stands, many emerging private fund advisers do not have the in-house capacity to respond to the proposed rules and rely heavily on outside counsel to advise. These additional costs can be cataclysmic to a new fund, particularly for emerging managers as research has shown minority emerging managers raise only \$30M on average on their debut fund compared to \$50M for their non-minority counterparts. Minority emerging fund managers simply will not be able to gain footing given the increased expenses proposed.

Proposals would further debilitate us and indirectly harm Investors if the side letter terms as they currently exist are eliminated – which provide undisclosed preferential terms to certain Investors. As an example, not allowing Investors to require that funds be invested in underrepresented founders would only slow our ability to support a burgeoning class of entrepreneurs, particularly important in my work given my place and people-driven footprint.

Other grave concerns include but are not limited to prohibiting advisers from seeking indemnification, or limited liability in the event of an unforeseen incident, which can result in a loss for Investors and fund advisers. Additionally, the inability to charge fees for the increased regulatory compliance, examinations and investigations place additional constraints on resources that would otherwise be used to identify viable investments and ensure Investors realize an appropriate return on investments. The Proposals further puts underrepresented fund advisers at a disadvantage when competing with more established firms that can waive fees for services.

As mentioned, this is not an exhaustive list of concerns, but rather a response upon my preliminary assessment of the Proposal. We thank you for allowing our firm the opportunity to comment, as these are our preliminary thoughts as we continue to digest the proposed rules, we will remain available to the SEC to discuss the impact the Proposal will have on our firm and other firms similarly situated.

Respectfully submitted,

A handwritten signature in black ink, appearing to be a stylized "S" followed by a horizontal line and a vertical stroke, positioned above a solid horizontal line.

Blended Impact